CHICAGO, BURLINGTON & QUINCY

1948

BOARDS
MRL
652.0973
C432ch.

NINETY-FIFTH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

FOR THE YEAR ENDED DECEMBER 31, 1948

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term Expires 1949

J. C. JAMES ..... Chicago, Ill.
Vice President and General Counsel, CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

CHARLES I. STURGIS ..... Chicago, Ill.
Retired Vice President, Secretary and Treasurer,
CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

T. HENRY FOSTER ..... Ottumwa, Ia.
Chairman of the Board, JOHN MORRELL & CO.

Term Expires 1950

RALPH BUDD ..... Chicago, Ill.
President, CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

CHARLES E. DENNEY ..... St. Paul, Minn.
President, NORTHERN PACIFIC RAILWAY CO.

FRANK J. GAVIN ..... St. Paul, Minn.
President, GREAT NORTHERN RAILWAY CO.

Term Expires 1951

HERBERT M. BUSHNELL ..... Omaha, Nebr.
President, U. S. NATIONAL BANK OF OMAHA

EDWARD FLYNN ..... Chicago, Ill.
Retired Executive Vice President, CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

R. DOUGLAS STUART ..... Chicago, Ill.
Vice Chairman, Board of Directors, THE QUAKER OATS CO.

EXECUTIVE COMMITTEE

RALPH BUDD ..... CHAIRMAN

CHARLES E. DENNEY	FRANK J. GAVIN	R. DOUGLAS STUART
EDWARD FLYNN	J. C. JAMES	HERBERT M. BUSHNELL

OFFICERS

RALPH BUDD ..... *President, Chicago*
KARL FISCHER ..... *Vice President, Executive Dept., Chicago*
J. C. JAMES ..... *Vice President and General Counsel, Chicago*
LAWRENCE R. CAPRON ..... *Vice President, Traffic Dept., Chicago*
HARRY C. MURPHY ..... *Vice President, Operating Dept., Chicago*
HERBERT W. JOHNSON ..... *Vice President and Comptroller, Chicago*
THOMAS J. THOMAS ..... *Assistant to President, Chicago*
JOSEPH P. BLUM ..... *General Purchasing Agent, Chicago*
BERT VICKERY ..... *Treasurer and Assistant Secretary, Chicago*
EDITH JARVIS ALDEN ..... *Secretary, Assistant Treasurer and Transfer Agent, Chicago*
ARTHUR D. McLANE ..... *Assistant Secretary, Chicago*
WALTER McFARLAND ..... *Assistant General Counsel, Chicago*
ELDON MARTIN ..... *General Solicitor, Chicago*
ARTHUR W. LAVIDGE ..... *General Auditor, Chicago*
HERBERT R. CLARKE ..... *Chief Engineer, Chicago*
RICHARD W. COGLAN ..... *Transfer Agent, Chicago*
NICHOLAS STOCKHAMMER, HARRY F. SMITH ..... *Fiscal Agents, 2 Wall Street, New York*
GRACE W. WINTERS, HELEN A. STORCH ..... *Transfer Agents, 2 Wall Street, New York*
STATE STREET TRUST COMPANY ..... *Fiscal Agent and Transfer Agent, State and Congress Streets, Boston*

The above were Directors and Officers as of December 31, 1948.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Highlights of Operations

	1948	1947	Increase
Operating Revenues (Page 17)	$241,363,651	$221,179,011	$ 20,184,640
Operating Expenses (Page 17)	$167,888,010	$149,996,344	$ 17,891,666
Operating Ratio (Page 17)	69.56%	67.82%	1.74%
Available for Fixed Charges	$ 33,889,549	$ 33,513,484	$ 376,065
Fixed Charges	$ 5,807,849	$ 5,771,613	$ 36,236
Times Fixed Charges Earned	5.84	5.81	.03
Total Taxes (Page 17)	$ 35,912,048	$ 34,407,950	$ 1,504,098
Net Income	$ 28,081,700	$ 27,741,871	$ 339,829
Dividend Paid	$ 11,958,709	$ 10,250,322	$ 1,708,387
Taxes per Share of Stock	$ 21.02	$ 20.14	$ .88
Net Income per Share of Stock	$ 16.44	$ 16.23	$ .21
Dividend Paid per Share of Stock	$ 7.00	$ 6.00	$ 1.00
Average Number of Employes (Includes part time employes)	31,808	31,557	251
Total Wages	$105,138,275	$ 96,081,923	$ 9,056,352
Revenue Ton Miles	18,357,883,561	19,274,376,178	916,492,617†
Revenue Passenger Miles	870,789,827	955,745,673	84,955,846†
Miles of Road Operated–end of year	8,713.70	8,867.39	153,69†
Total outstanding Funded Debt including Equipment Obligations (Pages 24-25)	$182,208,867	$181,622,126	$ 69,349,510‡

† Decrease.

‡ Seven year reduction 1942-1948, incl.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Report for the Year Ended December 31, 1948

Total operating revenue of $241,363,651 was $20,184,640 or 9.13 per cent more than in 1947 and $1,179,147 or 0.5 per cent less than the all-time high revenue year of 1945.

Net income of $28,081,700 in 1948 was $339,829 or 1.22 per cent more than in 1947. The small increase in net income compared with the greater increase in total revenue reflects the much higher wages and higher costs of materials and supplies.

INCOME AND EXPENSES — YEAR 1948

Income from All Sources		$242.5 Million
Expended for Material and Supplies	$ 38.2 Million	
Expended for Other Operating Costs except Payroll	$ 33.9 Million	
Provision for Taxes	$ 35.9 Million	
Interest on Debt and Other Fixed Charges	$ 5.8 Million	
Leaving a Balance of		$128.7 Million

The Balance of $128.7 Million was applied as follows:

Payrolls	$100.7 Million
Dividends	$ 11.9 Million
Retained in the Business	$ 16.1 Million

FREIGHT TRAFFIC

Freight traffic handled in 1948 decreased 4.75 per cent from 1947 and 7.06 per cent from 1944 the all-time high volume year.

Freight revenue in 1948 was $199,341,245 compared with $181,409,104 in 1947, an increase of $17,932,141 or 9.88 per cent, and was $16,054,330 or 8.76 per cent more than 1945 the previous all-time high record year.

Average revenue per ton mile increased from .941 cent in 1947 to 1.086 cents in 1948 or 15.41 per cent.

Source of Freight Traffic

	1948 Revenue*	Per cent of Total	Change from 1947	
Products of Agriculture	$ 43,916,375	20.56	$ 2,836,095	Decrease
Animals and Products	13,628,339	6.38	1,607,347	Increase
Products of Mines	47,179,680	22.09	7,568,590	Increase
Products of Forests	11,151,388	5.22	1,979,513	Increase
Manufactures and Miscellaneous	83,590,818	39.14	10,866,600	Increase
Less Carload Freight	14,104,863	6.61	90,239	Increase
Total	$213,571,463	100.00	$19,276,194	Increase

*Gross freight revenue stated without adjustments for absorptions or corrections which bring the net to $199,341,245.

PASSENGER TRAFFIC

Revenue passenger miles decreased from 955,745,673 in 1947 to 870,789,827 in 1948 or 8.89 per cent.

Passenger revenue was $20,198,852 in 1948, an increase of $1,169,784 or 6.15 per cent compared with 1947.

Average revenue per revenue passenger mile increased from 1.991 cents in 1947 to 2.320 cents in 1948, or 16.5 per cent.

FREIGHT, PASSENGER, EXPRESS AND MAIL RATES

Freight

Increased wages and rising costs of materials and supplies have necessitated several requests for Interstate Commerce Commission authority to increase freight rates and charges. The first of a series of increases granted became effective March 18, 1942, but was suspended effective May 15, 1943. It was restored in modified form effective July 1, 1946. Current rates and charges are approximately 47.4 per cent higher than those effective March 17, 1942. This per cent of increase includes the approximate 5 per cent interim increase effective January 11, 1949, which is a part of the carriers' petition for a 13 per cent increase, hearings in connection with which are now in progress. A decision is anticipated by mid-June 1949.

Passenger

Since 1941, one-way and round-trip coach fares have been increased 25 per cent; basic one-way first-class fares 16 2/3 per cent; round-trip first-class fares 29.5 per cent; commutation fares 43 per cent, but not to exceed the Illinois statutory limit of 2 cents a mile.

Express

While express charges have been increased, there has been no appreciable change in express privilege payments to the rail carriers.

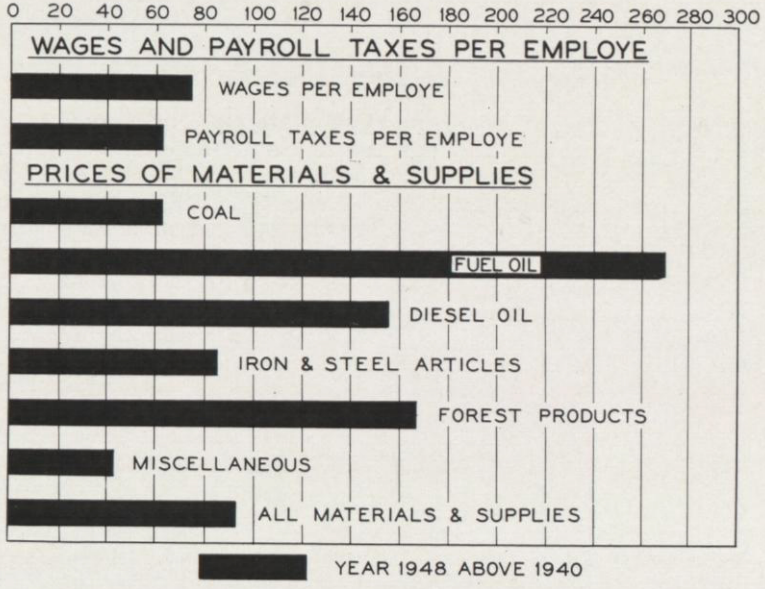
Mail

Continuing increased costs have necessitated a request for further increases in charges for handling U. S. mail. The petition for an increase of 45 per cent (in connection with which a 25 per cent interim increase was granted effective February 19, 1947) has been amended to seek an overall increase of 80 per cent and an increase in the interim from 25 to 60 per cent (40 per cent effective June 24, 1948 and 60 per cent effective March 24, 1949). These amended petitions were filed March 24, 1949 and March 31, 1949, respectively.

OPERATING EXPENSES (Page 17)

Railway operating expenses in 1948 were $167,888,010, an increase of $17,891,666 compared with 1947 or 11.93 per cent.

Following is a chart showing the per cent increase above 1940 in average wages and payroll taxes per employe, and in prices of materials and supplies purchased:


0 20 40 60 80 100 120 140 160 180 200 220 240 260 280 300
WAGES AND PAYROLL TAXES PER EMPLOYE
WAGES PER EMPLOYE
PAYROLL TAXES PER EMPLOYE
PRICES OF MATERIALS & SUPPLIES
COAL
FUEL OIL
DIESEL OIL
IRON & STEEL ARTICLES
FOREST PRODUCTS
MISCELLANEOUS
ALL MATERIALS & SUPPLIES
YEAR 1948 ABOVE 1940

MAINTENANCE OF PROPERTY

Roadway, track and equipment were maintained in a good and safe operating condition.

In last year's report mention was made of flood damage to Burlington property in four states. To avoid recurrence, $1,150,000 was expended in 1948 for raising grade, lengthening bridges and riprapping fills.

Following outlines some of the major maintenance work performed in 1948:

99.77 miles of track relaid with new 129-pound rail.
145.47 miles of track relaid with new 112-pound rail.
74.77 miles of track relaid with secondhand 90, 100 and 110-pound rail.
995,580 treated ties placed in track.
972,770 cubic yards of ballast applied.
4,359 freight cars given general repairs.

IMPROVEMENTS

Net capital expenditures in 1948:

Road		$ 8,704,376
Equipment		20,087,122
General	Cr.	9,686
Total		$28,781,812

Major improvements completed during the year:

Installation of centralized traffic control between Old Monroe and Machens, Mo., 26.25 miles.
Relocation of main line, Beardstown, Ill.
Revision of grade, Cullom, Neb.
Curve reduction near Nelson, Wis.
Curve reductions and grade changes, Plattsmouth, Neb.
Installation of mechanically operated car dumper in elevator, Council Bluffs, Ia.
Construction of coal spur, approximately 5 miles long, Astoria, Ill.

Improvements started during the year:

Installation centralized traffic control between Balfour and Council Bluffs, Ia.
Curve and grade reductions Kissinger, Mo., South Bend, Neb., Daggetts, Ill., Clarence and Macon, Mo., Ottumwa and Albia, Ia.
Rearrangement of freight yards, North Kansas City, Mo. and Daytons Bluff, Minn.
Construction of new yard office, St. Joseph, Mo.
Addition to warehouse, Peoria, Ill.

Equipment

Built in Company Shops:

485 34′ 3″ 55-ton steel hopper cars.
750 40′ 6″ 50-ton steel sheathed box cars.
250 50′ 6″ 50-ton steel sheathed box cars.
40 70-ton steel hopper cars.
150 70-ton steel, covered hopper cars.

Purchased:

4 Dining cars.
1 Room-observation car.
3 Room sleeping cars.
2 Open section sleeping cars.
6 Bedroom-cabin sleeping cars
3 Dome coffee shop-lounge-dormitory cars.
3 Room-buffet-observation cars.
7 Dome coach cars.
1 Coach.
1 Coach-parlor car.
2 Combination baggage-mail cars.
6 Baggage cars.
1 4500 h.p. Diesel-electric freight locomotive.
16 6000 h.p. Diesel-electric freight locomotives.
1 2000 h.p. Diesel-electric combination freight and switch locomotive.

On Order, Delivery Expected in 1949:

To be built in company shops:

460 70-ton steel hopper cars.
100 50′ 6″ steel sheathed box cars.
50 65′ 70-ton steel gondolas.
250 70-ton steel ballast cars.
500 40′6″ 40-ton steel frame stock cars.
300 53′ 6″ 50-ton steel flat cars.
200 16M gallon steel tank cars.

Purchased:

2 New Parlor Cars.
30 New Double-deck stainless steel suburban coaches (final delivery in 1950).
45 Sleeping cars from Pullman Company pool.
1 6000 h.p. Diesel-electric freight locomotive.
1 4000 h.p. Diesel-electric passenger locomotive.
18 2000 h.p. Diesel-electric passenger locomotives (10 for suburban service).
13 2000 h.p. Diesel-electric combination freight and switch locomotives.
1 1000 h.p. Diesel-electric switch locomotive.
35 30-yard steel air dump cars.

WAGES

Throughout the year railroads of the nation were faced with demands from labor organizations for additional wage increases and rule changes.

The Brotherhood of Locomotive Engineers and Brotherhood of Locomotive Firemen and Enginemen declined to accept the recommendations of an Emergency Board and employes represented by those organizations were instructed to withdraw from service May 11, 1948. May 10, the President, by Executive Order, took over the railroads. On July 8 an agreement was reached covering the principles from which a final agreement was to be consummated, and on July 9 the railroads were turned back to their owners. On August 11, this dispute was settled, the employes accepting a 15½ cents hourly increase as recommended by the Emergency Board, retroactive to November 1, 1947, together with changes in certain rules. The payroll increase to Burlington in 1948 was $1,016,240.

An agreement was reached November 13, 1948 with the engineers and firemen providing for another wage increase of 10 cents an hour retroactive to October 16, 1948. The estimated annual payroll increase to Burlington is $927,000.

June 30, 1948, demand was received from the trainmen's organization which, on Burlington, includes conductors and switchmen, for a third round wage increase. October 4, an agreement was reached under which employes of those organizations were granted an increase of 10 cents an hour effective October 16, 1948. The estimated Burlington annual payroll increase is $1,147,000.

Negotiations began September 8, 1948, on a third round wage increase demand for non-operating employes of 25 cents an hour, a 40-hour week with 48 hours pay and penalty pay for work in excess of 40 hours a week. Failing to reach a settlement, an Emergency Board was appointed after the organizations threatened to strike. The Emergency Board, on December 17, 1948, recommended an increase of 7 cents an hour effective October 1, 1948, a 40-hour week with 48 hours pay effective September 1, 1949, and time and one-half pay for work in excess of 40 hours a week. The estimated annual cost to Burlington of the 7-cent wage increase is $4,360,000 and the 40-hour week $10,115,000.

The total of these wage increases is estimated at $17,565,240 a year.

In November 1948, four operating organizations served notice of a desire to amend their vacation agreements, the conductors and trainmen requesting a minimum of 15 days vacation with pay for

employes with less than 10 years service to a maximum of 30 days for employes with 20 years or more service and the engineers and firemen requesting 15 days vacation for employes with 15 years or less service and one additional day for each year in excess of 15 to and including 30 years service.

The Brotherhood of Locomotive Engineers served notice on the railroads of a demand for employment of a second engineer on Diesel-electric locomotives. The Firemen's organization served a similar demand for an additional fireman. Following a strike ballot by the engineers to enforce their demands, an Emergency Board was appointed by the President to investigate and report their findings.*

AGRICULTURE

Production of corn in states served by the Burlington was 72.1 per cent higher in 1948 than in 1947 and 34.3 per cent higher than the 10-year (1937-1946) average. Oats production increased 29.6 per cent, soybeans 23.9 per cent, and potatoes 14.4 per cent over 1947. Wheat production decreased 2.8 per cent from the record 1947 crop but was 34.7 per cent over the 10-year average. Sugar beet tonnage loaded on the line was 30.9 per cent under last year, and 24.1 per cent under the 10-year average, due principally to reduced acreage account disadvantage in price support compared with some other farm products. Hay and forage crops were good. The number of cattle increased 1.9 per cent, swine increased 5.7 per cent, sheep decreased 7.4 per cent. As a result of lower prices, farm income decreased 3.2 per cent from the all-time high of 1947.

Stocks of corn on farms and in interior mills and elevators increased 92.9 per cent, oats 30.3 per cent and wheat 54.4 per cent over 1947. Acreage seeded to winter wheat in 1948 for harvest in 1949 increased 5.5 per cent over the previous year and 28.9 per cent over the 10-year average. Cattle on feed increased 19 per cent over the previous year; sheep and lambs on feed decreased 15 per cent. Irrigation water supplies in storage and on water sheds are reported excellent.

Soil Conservation and Irrigation

Cooperation with the Reclamation Service and other interested agencies in the development of irrigation was continued in 1948. Nineteen irrigation projects adjacent to Burlington Lines are under construction. Of $69,700,000 allotted to their construction by the Reclamation Bureau, $32,300,000 has been spent; $36,000,000 of

*April 11, 1949, the Emergency Board rendered its report and recommended that the demand of the Brotherhood of Locomotive Engineers be denied.

additional funds will be required to complete these projects, which, when finished, will irrigate or supply supplemental water to 483,020 acres. Eleven conservation districts in counties served by Burlington expanded their original program to include 1,561,000 additional acres. The conservation of soil and water in Burlington territory by additional terracing, contour and strip farming was progressed.

INDUSTRIAL

During the year, 451 new industrial leases on Company property were executed and 257 cancelled, a net increase of 194. Fifty-two new industries located on private property available to Burlington service and 36 expanded their plants; 50 new industrial tracks were built and 31 industrial tracks were extended or relocated.

LINE ABANDONMENTS AND TRACK CHANGES

Because of light traffic and excessive flood damage, authority was sought in 1947 to abandon the branch line between Burch (South Des Moines) and New Virginia, Iowa, 42 miles, and to operate under trackage rights over the Chicago Great Western Railway, 51 miles, between Burch and a connection with Burlington main line at Afton Junction. On October 20, 1948, the Interstate Commerce Commission authorized abandonment of that part of the line between Burch and Truro, 32 miles. The Commission also authorized operation over the Chicago Great Western as requested.

Application was filed with the Interstate Commerce Commission for authority to abandon branch line between Clearmont, Missouri, and Shambaugh, Iowa, 10 miles. This segment was extensively damaged by floods in June 1947 and since then has been out of service.*

Because of a flood control project the Interstate Commerce Commission granted authority to abandon that segment of the Republican City, Nebraska-Oberlin, Kansas branch from a point near Republican City to a point near Long Island, Kansas, approximately 15 miles. A new line in lieu thereof will be constructed from a point near Long Island to a point near Orleans, Nebraska, 12 miles. The Federal Government will assume cost of relocation.

JOINT MISSOURI LINES

On July 6, 1948, the Interstate Commerce Commission denied application of the Burlington and Santa Fe for joint operation be-

*February 1, 1949, the Commission authorized abandonment, effective March 13, 1949.

tween Kansas City and St. Louis, using Gulf, Mobile and Ohio Railroad Company tracks between Kansas City and Francis and Burlington tracks between Francis and St. Louis.

On December 22, 1948, Burlington filed application with the Commission seeking authority to acquire from Gulf, Mobile and Ohio trackage rights for freight service between Kansas City and Francis, approximately 158 miles. This trackage, with its own line between Francis and St. Louis, would shorten Burlington's distance between Kansas City and St. Louis by 66 miles, making it about the same as other direct lines between those cities.

NEW MISSOURI LINE

To improve the Burlington's service between Chicago and Kansas City steps have been taken to —

A) Use the Carrollton Branch with some improvements in location, grade and alignment from a point near Brookfield to Tina Junction, near Tina, Missouri, 28.1 miles;

B) Build 42.9 miles of new line between Tina Junction and a connection with the Wabash Railroad Company at Missouri City Junction near Missouri City;

C) Obtain trackage rights over 16.1 miles of the Wabash between Missouri City Junction and Birmingham, Missouri, a point on the Burlington 12 miles from Kansas City.

Construction of the line Tina Junction to connection with the Wabash will be in the name of a company created for that purpose, the Kansas City and Brookfield Railroad Company, all of whose capital stock will be owned by Burlington. Cost of the new construction and the improvement of the Carrollton Branch is estimated at $13,000,000, which will be expended by Burlington or advanced by it to the Kansas City and Brookfield.

TRAINS OFF

Dwindling traffic since end of the war and excessive costs of operation on secondary main and branch lines necessitated discontinuance of some passenger trains which were not paying out-of-pocket costs.

Discontinued operation of one daily passenger train each way between St. Louis, Missouri, and Savanna, Illinois, 646 train miles daily, resulted in litigation in which a Three-Judge Federal Court enjoined assessment of statutory penalties until completion of hearings on petition for discontinuance.

The Illinois Commission authorized discontinuance of daily round-trip passenger motor car between Galesburg and Rushville, Illinois, 182 train miles daily.

The Illinois Commission also authorized discontinuance of one daily motor passenger train each way between Galesburg and Quincy, Illinois, 200 train miles daily.

FINANCIAL

During 1948 funded debt of the Company, exclusive of equipment obligations, decreased $4,732,000. Equipment obligations increased $5,318,741, resulting in a net increase in total funded debt of $586,741.

Annual interest charges on funded debt increased $35,208.

At the close of 1948, the Company had $43,303,693 cash and cash assets, of which $20,119,389 was invested in U. S. Government securities.

TAXES

Tax accruals in 1948 of $35,912,048 were $1,504,098 more than in 1947. Federal income taxes increased $3,277,422. Federal Railroad Retirement and Unemployment taxes in 1948 were $5,934,106 or $1,819,206 less than in 1947, because of reduction in Unemployment tax rate from 3 per cent to 0.5 per cent effective January 1, 1948.

State and other Government taxes increased $45,882.

Total taxes in 1948 amounted to 14.88 per cent of total operating revenue, equivalent to $21.02 a share of capital stock.

DIVIDENDS

Net income amounted to $16.44 a share of capital stock. Dividends totaling $7.00 a share were paid in 1948, the eighty-seventh consecutive year in which the Company has paid a dividend.

BURLINGTON TRUCK LINES, INC.

During the year, Burlington Truck Lines, Inc., a wholly-owned subsidiary of Burlington, operated 5,429,533 truck miles over 4,952 route miles at a net loss of $15,164 compared with a loss of $39,260 in 1947.

In 1947 the Company acquired 18 new tractors and 8 new trailers. In the current year 2 new tractors were acquired. This new and modern equipment permitted retirement in 1948 of 3 trucks, 11 tractors, and 14 semi-trailers which had become obsolete or worn out.

COLORADO AND SOUTHERN LINES

Net income of The Colorado and Southern Railway Company in 1948 available for retirement of debt or increase or replenishment of working capital under the "Plan of Adjustment," including $390,651

carried over from 1947, was $1,167,359. Refunding and Extension Mortgage Bonds purchased and retired in 1948 amounted to $390,000 leaving a balance of $777,359 available for "Plan of Adjustment" purposes in 1949.

Fort Worth and Denver City Railway Company paid $80,000 on its note to Reconstruction Finance Corporation in 1948 reducing the outstanding amount to $7,260,000.

EMPLOYE BENEFITS

The Relief Department paid out $734,126 during the year in disability and death claims to 6,300 employes.

CHICAGO RAILROAD FAIR

The 1948 Fair was sponsored by 38 of the nation's leading railroad companies to celebrate the advent of rail transportation at Chicago 100 years ago and to portray the role of the railroad industry in pioneering and aiding in the transformation of the country from wilderness into productive agricultural and industrial areas. The Burlington's Pioneer Zephyr appeared four times daily in a pageant entitled "Wheels A-Rolling". Jointly with the Great Northern and Northern Pacific Railway Companies the Burlington presented Western Vacationland entertainment featuring a rodeo, Old Faithful geyser, stage coaches, Indian tepees and diorama.

The Fair was presented from July 20 to October 3, 1948, with an attendance of 2,504,000, an average of 32,947 daily. It was so successful that it will be repeated on a larger scale in 1949 and run from June 25 to October 2.

GOVERNMENT LITIGATION

Complaints filed with the Interstate Commerce Commission by Government attorneys seeking reparations on shipments of war materials, referred to in the 1947 Annual Report, and the anti-trust suit against the western railroads filed at Lincoln, Nebraska, August 23, 1944, are still pending.

GENERAL

The tendency to demand more pay for less work continues unabated and there are many such claims pending. The seriousness of the movement is illustrated by the award of 48 hours pay for 40-hour week, effective September 1, 1949. This is the largest increase in pay ever granted to railway employes and is estimated at $650,000,000 for the country as a whole.

The proportion of the total transportation of the country which the railroads handle is decreasing, but even in peacetime they probably will handle nearly two-thirds of all freight, and about ten per cent of all travel. Past experience has been that a much larger porportion of total traffic moves by rail in time of war than in peacetime. It therefore becomes a matter of national importance for the Government to avoid aiding their competitors so much that should a war emergency arise the railroads might not be up to requirements.

Public highways have been damaged to the extent of billions of dollars by operating too heavy trucks over them at too high speeds. This damage is caused by the very trucks which are taking so much traffic from the railways, and it will continue at an accelerated rate unless weight and speed are brought under control by regulatory authorities.

As a partial correction of inequities arising out of Government aid to the railways' competitors it would seem fair to authorize the Interstate Commerce Commission to determine the extent to which the cost of a project, desirable in the public interest, constitutes an improvement that would not be profitable for the railroad, and to that extent to authorize deductions from income taxes when the project is carried out. Likewise, it would seem fair to permit the railroads to exclude from taxable income the excess cost of new units above depreciation.

The Company expresses appreciation for the effective services of its loyal officers and employes.

By order of the Board of Directors.

RALPH BUDD, President.

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

(See Pages 29 to 31)

Percent of Ry. Oper. Revenue	1948	RAILWAY OPERATING REVENUES	1947	Percent of Ry. Oper. Revenue
82.59	$199,341,245.05	Freight	$181,409,104.14	82.02
8.37	20,198,852.36	Passenger	19,029,067.72	8.60
3.26	7,871,584.12	Mail	6,873,758.71	3.11
1.81	4,363,241.88	Express	4,698,580.29	2.12
1.79	4,323,920.29	All other transportation	3,821,022.90	1.73
1.87	4,508,664.42	Incidental	4,522,919.45	2.05
.31	756,142.64	Joint facility	824,557.62	.37
100.00	241,363,650.76	Total railway operating revenues	221,179,010.83	100.00
		RAILWAY OPERATING EXPENSES		
15.44	37,260,443.72	Maintenance of way and structures	32,484,480.12	14.69
14.24	34,365,641.65	Maintenance of equipment	29,682,429.43	13.42
1.94	4,691,909.98	Traffic	4,479,448.74	2.03
34.54	83,366,308.10	Transportation	75,766,163.15	34.26
1.20	2,892,220.88	Miscellaneous operations	2,951,225.43	1.33
2.20	5,311,485.26	General	4,632,596.79	2.09
69.56	167,888,009.59	Total railway operating expenses	149,996,343.66	67.82
30.44	73,475,641.17	Net revenue from railway operations	71,182,667.17	32.18
	21,475,252.32	Federal income taxes	18,197,830.73	
	5,934,106.24	Federal payroll taxes	7,753,312.68	
	8,502,688.95	All other taxes	8,456,807.01	
	35,912,047.51	Total taxes	34,407,950.42	
	37,563,593.66	Railway operating income	36,774,716.75	
	Dr. 3,161,313.02	Hire of equipment—Net	Dr. 3,049,481.24	
	Dr. 1,664,785.46	Joint facility rents—Net	Dr. 1,944,327.84	
	32,737,495.18	Net railway operating income	31,780,907.67	
		OTHER INCOME		
	548,880.01	Rentals	800,575.89	
	694,494.07	Dividends and interest	1,037,235.57	
	45,497.55	Miscellaneous	45,292.87	
	1,288,871.63	Total other income	1,883,104.33	
	34,026,366.81	Total income	33,664,012.00	
		DEDUCTIONS FROM TOTAL INCOME		
	30,093.30	Rents payable	28,023.80	
	82,072.23	Taxes on nonoperating property	84,929.63	
	24,652.49	Miscellaneous income charges	37,574.38	
	136,818.02	Total deductions	150,527.81	
	33,889,548.79	Income available for fixed charges	33,513,484.19	
		FIXED CHARGES		
	50,968.78	Rent for leased roads and equipment	52,888.60	
	5,689,348.25	Interest on funded debt	5,654,140.61	
	9,821.86	Interest on unfunded debt	7,627.11	
	57,709.88	Amortization of discount on funded debt	56,957.31	
	5,807,848.77	Total fixed charges	5,771,613.63	
	28,081,700.02	Net income after fixed charges	27,741,870.56	
		DISPOSITION OF NET INCOME		
	11,958,709.00	Dividend appropriations of income	10,250,322.00	
	$ 16,122,991.02	Balance of income transferred to Earned Surplus	$ 17,491,548.56	

Operating Ratios

Operating Ratios

GENERAL BALANCE SHEET

December 31, 1948

ASSETS

INVESTMENTS:		
Road and equipment property		$713,377,217.44
Accrued depreciation — Road and equipment	124,374,909.42	
Accrued amortization of defense projects — road and equipment	39,204,541.52	163,579,450.94
Total investment road and equipment less depreciation and amortization		549,797,766.50
Capital and other reserve funds		524,567.31
Miscellaneous physical property		7,333,323.22
Investments in affiliated companies:		
Stocks	26,937,067.62	
All other	10,221,971.29	37,159,038.91
Other investments:		
Stocks	3,695,265.01	
Bonds	4,246,277.38	
All other	35,256.05	7,976,798.44
Total investments less depreciation and amortization		602,791,494.38
CURRENT ASSETS:		
Cash		22,418,218.84
Temporary cash investments		16,644,685.49
Special deposits		295,034.12
Loans and bills receivable		239,838.00
Traffic and car service balances		1,806,682.46
Net balance receivable from agents and conductors		2,818,111.39
Miscellaneous accounts receivable		8,465,755.99
Material and supplies		29,675,349.43
Interest and dividends receivable		79,559.80
Accrued accounts receivable		2,602,572.56
Other current assets		565,304.74
Total current assets		85,611,112.82
DEFERRED ASSETS:		
Working fund advances		103,527.68
Other deferred assets		1,733,107.67
Total deferred assets		1,836,635.35
UNADJUSTED DEBITS:		
Prepayments		166,867.24
Discount on funded debt		778,298.32
Other unadjusted debits		3,807,290.12
Total unadjusted debits		4,752,455.68
Grand Total		$694,991,698.23

GENERAL BALANCE SHEET

December 31, 1948

LIABILITIES

CAPITAL STOCK:		
Common stock		$170,839,100.00
LONG-TERM DEBT:		
Funded debt unmatured (Page 24):		
Total book liability	338,020,000.00	
Less held by or for the company	183,430,900.00	154,589,100.00
Equipment obligations (Pages 24 and 25)		27,619,766.53
Amounts payable to affiliated companies		123,275.41
Total long-term debt		182,332,141.94
CURRENT LIABILITIES:		
Audited accounts and wages payable		12,349,017.97
Miscellaneous accounts payable		3,426,649.84
Interest matured unpaid		84,671.34
Unmatured interest accrued		2,063.061.93
Accrued accounts payable		5,462,495.74
Taxes accrued		28,179,157.50
Other current liabilities		1,563,557.67
Total current liabilities		53,128,611.99
DEFERRED LIABILITIES:		
Other deferred liabilities		465,550.24
UNADJUSTED CREDITS:		
Premium on funded debt		468.74
Insurance reserves		1,392,996.20
Other unadjusted credits		2,321,017.25
Accrued depreciation — leased property		35,989.28
Total unadjusted credits		3,750,471.47
SURPLUS:		
Unearned surplus		256,509.81
Earned surplus — appropriated (Page 20)		48,025,460.10
Earned surplus — unappropriated (Page 20)		236,193,852.68
Total surplus		284,475,822.59
Grand Total		$694,991,698.23

COMPARATIVE STATEMENT OF UNAPPROPRIATED EARNED SURPLUS ACCOUNT, YEARS ENDED DECEMBER 31

	1948	1947	Increase	Decrease
Credits:				
Credit balance at beginning of year	$219,949,468.07	$201,618,099.63	$ 18,331,368.44	
Credit balance transferred from income	16,122,991.02	17,491,548.56		$ 1,368,557.54
Miscellaneous credits	199,242.65	1,122.959.53		923,716.88
Total	$236,271,701.74	$220,232,607.72	$ 16,039,094.02	
Debits:				
Miscellaneous debits	$ 77,849.06	$ 283,139.65		$ 205,290.59
Credit balance carried to balance sheet	236,193,852.68*	219,949,468.07*	$ 16,244,384.61	
Total	$236,271,701.74	$220,232,607.72	$ 16,039,094.02	

* Approximate application of Income included in Unappropriated Earned Surplus as of December 31:

	1948	1947
Net working capital retained in the business	$ 40,105,217	$ 43,729,479
Invested in affiliated and non-affiliated companies	19,496,588	18,911,181
Expended in improving the Railroad plant	176,592,048	157,308,808
	$236,193,853	$219,949,468

Appropriated Surplus Income of $48,025,460 (page 19) was expended in retiring Funded Debt prior to year 1928.

INVESTMENT IN ROAD AND EQUIPMENT, YEAR 1948

Account		Additions and Betterments
Engineering		$ 169,783.07
Land for transportation purposes		472,476.92
Other right-of-way expenditures		5,667.43
Grading		1,064,819.48
Tunnels and subways		17,950.02
Bridges, trestles and culverts		797,829.07
Ties		81,685.57
Rails		569,207.54
Other track material		787,547.99
Ballast		812,865.79
Track laying and surfacing		284,141.40
Fences, snow sheds and signs		21,970.49
Station and office buildings		579,753.31
Roadway buildings		49,959.84
Water stations	Cr.	1,350.26
Fuel stations		162,073.31
Shops and engine houses		187,870.93
Telegraph and telephone lines		260,709.86
Signals and interlockers		1,030,961.50
Power plants		1,271.50
Power transmission systems		49,171.45
Miscellaneous structures		135,498.72
Roadway machines		709,786.18
Roadway small tools		1,889.25
Public improvements—Construction		166,231.42
Shop machinery		232,330.01
Power plant machinery		52,274.03
Total expenditures for road		8,704,375.82
Steam locomotives	Cr.	495,493.73
Other locomotives		11,157,596.61
Freight-train cars		4,244,597.32
Passenger-train cars		4,658,484.99
Work equipment		371,614.79
Miscellaneous equipment		150,322.28
Total expenditures for equipment		20,087,122.26
Organization expenses	Cr.	1.45
General officers and clerks	Cr.	60.96
Law	Cr.	30.48
Stationery and printing	Cr.	4.35
Taxes	Cr.	31.94
Interest during construction	Cr.	9,541.49
Other expenditures—general	Cr.	15.96
Total general expenditures	Cr.	9,686.63
Grand total		$28,781,811.45

"Cr."—Credits due to retirements.

STATISTICS OF OPERATIONS

ITEMS	1948	1947
Average mileage of road operated	8,813.82	8,864.97
Actual miles road operated, end of year	8,713.70	8,867.39
TRAIN-MILES		
Freight	15,734,287	16,948,224
Passenger	13,091,187	13,364,276
Total transportation service	28,825,474	30,312,500
Work service	302,743	310,692
LOCOMOTIVE-MILES		
Freight	16,649,124	18,250,264
*Passenger	11,279,269	11,365,955
Train and yard switching	7,895,667	8,271,810
Total transportation service	35,824,060	37,888,029
Work service	814,280	761,459
CAR-MILES		
Loaded freight cars	627,088,806	647,106,358
Empty freight cars	351,930,309	356,960,352
Sum of loaded and empty	979,019,115	1,004,066,710
Caboose	15,402,962	16,713,776
Total freight cars	994,422,077	1,020,780,486
Coach and combination passenger cars	28,289,767	29,941,344
Sleeping and parlor	22,260,510	22,770,537
Club, lounge, dining and observation	9,392,986	8,414,710
Other	45,386,118	43,786,874
Total passenger cars	105,329,381	104,913,465
Total transportation service	1,099,751,458	1,125,693,951
Work service	2,358,090	2,177,819
FREIGHT SERVICE		
Tons—revenue freight	54,530,625	56,892,233
Tons—revenue and non-revenue freight	60,455,790	62,562,014
Ton-miles—revenue freight	18,357,883,561	19,274,376,178
Ton-miles—revenue and non-revenue freight	19,959,831,400	20,833,113,900
PASSENGER SERVICE		
Passengers carried—revenue	11,036,231	11,969,762
Passenger miles—revenue	870,789,827	955,745,673

* Excludes mileage of combination motor passenger cars:

1948—2,019,826

1947—2,216,741

STATISTICS OF OPERATIONS—Continued

ITEMS	1948	1947
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,815	1,955
Passenger-train miles	2,017	2,018
Transportation service train-miles	3,270	3,419
Transportation service locomotive-miles	4,065	4,274
Freight service car-miles	114,682	117,763
Passenger service car-miles	16,231	15,843
Freight revenue	$22,989.15	$20,928.43
Passenger service train revenue	$ 5,102.15	$ 4,710.56
Operating revenues	$27,384.68	$24,949.78
Operating expenses	$19,048.27	$16,920.12
Net operating revenue	$ 8,336.41	$ 8,029.66
Net railway operating income	$ 3,714.34	$ 3,585.00
Ton-miles—revenue freight	2,082,852	2,174,218
Ton-miles—all freight	2,264,606	2,350,049
Passenger-miles—revenue	98,798	107,811
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	39.85	38.18
Empty freight car-miles	22.37	21.06
Ton-miles—revenue freight	1,166.74	1,137.25
Ton-miles—all freight	1,268.56	1,229.22
Passenger train car-miles	8.05	7.85
Revenue passenger-miles	66.52	71.51
Freight revenue	$ 12.67	$ 10.70
Passenger service train revenue	$ 2.53	$ 2.33
Operating revenues	$ 8.37	$ 7.29
Operating expenses	$ 5.82	$ 4.95
Net operating revenue	$ 2.55	$ 2.34
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	29.27	29.79
Ton-miles—all freight	31.83	32.19
Freight revenue	$ .31788	$ .28034
AVERAGES PER CAR-MILE, PASSENGER		
Passenger-miles—revenue	17.64	18.67
Passenger revenue	$ .40923	$ .37177
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	336.65	338.79
Miles hauled—non-revenue freight	270.82	274.92
Miles hauled—all freight	330.21	333.00
Miles carried—revenue passengers	78.90	79.85
Revenue per ton of freight	$ 3.65559	$ 3.18864
Revenue per ton-mile of freight	$ .01086	$ .00941
Revenue per passenger	$ 1.83023	$ 1.58976
Revenue per passenger-mile	$ .02320	$ .01991
Operating ratio	69.56	67.82

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY
DECEMBER 31, 1948

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	3% 4%	June 28 Dec. 29	$5,125,161 6,833,548
FUNDED DEBT UNMATURED									
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	$178,414,000	$178,414,000	‡$146,542,000	$ 31,872,000	4	M. & S.	$1,274,752
First and Refunding Mortgage:									
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	17,539,900	12,460,100	4½	F. & A.	560,705
Series 1970	Aug. 1, 1944	Aug. 1, 1970	92,873,000	17,601,000	⁂17,601,000	.....	4½	F. & A.	.....
Series 1985	Aug. 1, 1945	Aug. 1, 1985	65,000,000	60,997,000	1,481,000	59,516,000	3⅛	F. & A.	1,899,373
Series 1970	Aug. 1, 1945	Aug. 1, 1970	49,765,000	49,008,000	267,000	48,741,000	2⅞	F. & A.	1,406,598
Serial Collateral Trust Notes	Dec. 1, 1944	$500,000 each quarter to Dec. 1949	10,000,000	2,000,000	.....	2,000,000	1½	Quarterly M.J.S.D.	46,250
Total Funded Debt Unmatured	.....	.....	$426,052,000	$338,020,000	$183,430,900	$154,589,100			$5,187,678
EQUIPMENT TRUST OBLIGATIONS									
Equipment Trust of 1944	Nov. 1, 1944	$38,000 each quarter to Nov. 1954	$ 1,520,000	$ 912,000	.....	$ 912,000	1⅞	Quarterly F.M.A.N.	$ 18,406
Equipment Trust of 1948	Apr. 1, 1948	$241,000 each six mos. to Apr. 1963	7,230,000	6,989,000	.....	6,989,000	2¼	Semi-annually A. & O.	120,199
CONDITIONAL SALE CONTRACTS									
Harris Trust and Savings Bank of Chicago	Aug. 28, 1940	Quarterly to Sept. 1950	2,444,117	441,053	.....	441,053	2¼	Quarterly M.J.S.D.	13,079
National Bank of Detroit	Dec. 19, 1940	Monthly to Feb. 1951	2,277,453	525,305	.....	525,305	1⅝	Monthly	10,301
Manufacturers Trust Co., New York, N. Y.	Feb. 28, 1941	Monthly to Apr. 1951	815,098	204,528	.....	204,528	2	Monthly	5,014

The Northern Trust Co., Chicago and S. A. Weaver..	Mar. 8, 1941	Monthly to Dec. 1949	5,142,510	623,694	.....	623,694	1¾	Monthly	16,086
First National Bank of Chicago	Jan.15, 1944	Quarterly to Oct. 1954	7,110,720	4,266,432	.....	4,266,432	2	Quarterly J.A.J.O.	90,662
First National Bank of Chicago	Oct. 1, 1945	Monthly to Jan. 1956	3,883,440	2,679,850	.....	2,679,850	1.59	Monthly	45,440
The Northern Trust Co., Chicago	July 1, 1946	Monthly to July 1956	2,020,480	1,532,192	.....	1,532,192	1.5	Monthly	24,372
Bank of America, Nat'l. Trust & Savings Ass'n., San Francisco	Aug. 1, 1947	Monthly to Sept. 1955	3,879,600	3,273,412	.....	3,273,412	1.8	Monthly	62,869
First National Bank of Fort Worth, Texas.....	Sept.15,1947	Monthly to Nov. 1955	441,000	381,281	.....	381,281	1⅝	Monthly	6,531
Fort Worth National Bank, Fort Worth, Texas.....	Sept.15,1947	Monthly to Nov. 1955	370,000	319,896	.....	319,896	1⅝	Monthly	5,543
Mercantile National Bank of Dallas, Texas.....	Sept.15,1947	Monthly to Nov. 1955	370,000	319,896	.....	319,896	1⅝	Monthly	5,543
Harris Trust and Savings Bank of Chicago.....	Oct. 1, 1947	Monthly to Nov. 1955	2,770,000	2,482,340	.....	2,482,340	1.89	Monthly	34,061
Cont.-Ill. Nat. Bk. & Tr. Co. of Chicago.....	Oct.15, 1947	Monthly to Nov. 1955	2,986,000	2,668,888	.....	2,668,888	1.95	Monthly	37,231
Total Equipment Obligations..			$ 43,260,418	$ 27,619,767	.....	$ 27,619,767			$ 495,337
Total Funded Debt and Equipment Obligations.....			$469,312,418	$365,639,767	$183,430,900	$182,208,867			$5,683,015(x)

* Includes $400 scrip on which no dividends are paid.

‡ Includes $143,735,000 pledged under First and Refunding Mortgage, and $2,000,000 pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to January 1, 1955.

⁂ Includes $3,000,000 pledged as collateral security for Serial Collateral Trust Notes dated December 1, 1944.

(x) Excludes interest on obligations matured—Equipment Trust of 1941 $4,366., Conditional Sale Contracts: April 29, 1940 $509., and May 1, 1941 $1,458., Total $6,333.

Net increase in principal of bonds, collateral trust notes and equipment obligations during the year amounted to $586,741 (page 26).

CHANGES IN CAPITAL LIABILITIES IN 1948

	Increase	Decrease
Bonds redeemed:		
General Mortgage Bonds 4%		$ 32,000
First and Refunding 3⅛% Series of 1985		2,438,000
First and Refunding 2⅞% Series of 1970		262,000
Principal of notes and Conditional Sale Contracts retired:		
Collateral Trust Notes 1½% (1945-1949)		2,000,000
Equipment Trust of 1941		499,000
Equipment Trust of 1944		152,000
Equipment Conditional Sale Contracts		1,019,259
Securities issued:		
Equipment Trust of 1948	$6,989,000	
	$6,989,000	$6,402,259
Net Increase	$ 586,741	

DESCRIPTION OF MORTGAGES

General Mortgage

This mortgage is a first lien on 7,732.31 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana.

This mortgage is also secured by deposit with the Trustee of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No provision in mortgage for redemption of bonds. No additional bonds can be issued.

First and Refunding Mortgage

This mortgage is a lien on 8,210.75 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, including terminals, property and equipment appurtenant thereto; subject to the prior lien of the General Mortgage on 7,732.31 miles, see above.

As further security for bonds issued under this mortgage, there are pledged $143,735,000 General Mortgage Bonds; also all right and title of this Company to the owned shares of capital stock, except Directors qualifying shares, of bridge, depot and terminal companies, the Davenport, Rock Island and North Western Railway Company, and The Colorado and Southern Railway Company, subject to prior lien of the General Mortgage on 305,262 shares.

Bonds issued under this mortgage may be redeemed at election of the Company on sixty days' notice, on any interest date, as follows:

Series B redeemable as a whole at 105 and accrued interest, February 1, 1952 to August 1, 1966; at 103 and accrued interest, February 1, 1967 to August 1, 1976.

Series of 1970 2⅞% Bonds may be redeemed as a whole or in part, on any interest payment date at 105¾ August 1, 1945 to July 31, 1949. Thereafter premium reduces periodically to August 1, 1969, after which date callable at par; in each nstance with accrued interest.

Series of 1985 may be redeemed as a whole or in part, on any interest date at 105½ August 1, 1945 to July 31, 1949. Thereafter premium reduces periodically to August 1, 1982, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $248,825 for redemption of Series of 1970 2⅞% Bonds is payable to Trustee on or before May 1 each year, beginning May 1, 1946. For such redemption, prices are 102¾ August 1, 1945 to July 31, 1949, reduced periodically to August 1, 1969, and thereafter at par; plus accrued interest in each instance.

An annual sinking fund of $325,000 together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year, is payable to the Trustee before May 1 in each year beginning May 1, 1946, for redemption of the Series of 1985 Bonds. Redemption prices are 102½ August 1, 1945 to July 31, 1949, with periodical reductions to August 1, 1982, and par thereafter; plus accrued interest in each case.

MILEAGE

	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings	Total
Owned						
Colorado	395.34	.52	.....	.....	180.06	575.92
Illinois	1,615.32	387.55	40.94	5.43	1,061.61	3,110.85
Iowa	1,022.55	249.55	.....	.....	288.80	1,560.90
Kansas	221.83	.....	.....	.....	23.18	245.01
Minnesota	23.09	2.71	.....	.....	36.93	62.73
Missouri	1,161.77	114.49	.....	.....	407.37	1,683.63
Montana	134.52	.....	.....	.....	49.95	184.47
Nebraska	2,673.09	29.31	.....	.....	793.49	3,495.89
South Dakota	168.16	.....	.....	.....	55.81	223.97
Wisconsin	220.25	214.17	.....	.....	64.53	498.95
Wyoming	677.74	.....	.....	.....	223.07	900.81
Total*	8,313.66	998.30	40.94	5.43	3,184.80	12,543.13
Operated under lease or contract	410.46	125.37	.76	.76	421.70	959.05
Grand Total*	8,724.12	1,123.67	41.70	6.19	3,606.50	13,502.18

*Includes mileage owned but not operated as follows:

	Miles of Road		Yard Tracks and Sidings	Total
Illinois	.....	.....	1.11	1.11
Iowa	5.79	.....	.93	6.72
Missouri	4.63	.....	.03	4.66
Total	10.42	.....	2.07	12.49

EQUIPMENT IN SERVICE

DESCRIPTION	Number on Dec. 31, 1947	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1948	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	770	.....	26	744	.....
—Diesel Road	161	67	.....	228	.....
—Diesel Switch	117	2	.....	119	.....
—Gas-Electric	4	.....	1	3	.....
Total locomotives	1,052	69	27	1,094	55,350 Lbs.
Freight-train cars:					
Box	22,660	1,049	1,168	22,541	.....
Flat	1,410	.....	18	1,392	.....
Stock	3,093	1	11	3,083	.....
Gondola and Hopper	16,259	676	319	16,616	.....
Caboose	615	.....	7	608	.....
All classes of freight-train cars	44,037	1,726	1,523	44,240	47.65 Tons
Passenger-train cars:					
Coaches	299	13	14	298	.....
Combination coach	43	3	3	43	.....
Parlor	2	.....	.....	2	.....
Sleeping	50	.....	31	19	.....
Dining	32	4	.....	36	.....
Club, lounge and observation	11	3	.....	14	.....
Postal	23	.....	.....	23	.....
Baggage, express and other nonpassenger	716	8	79	645	.....
Total	1,176	31	127	1,080	.....
Passenger rail motor cars:					
Combination coach	16	.....	.....	16	.....
Other passenger-train rail motor	15	.....	.....	15	.....
Total	31	.....	.....	31	.....
Articulated Zephyr trains	7	.....	.....	7	.....
Cars in articulated trains:‡					
Coaches	11	1	.....	12	.....
Combination coach	14	1	.....	15	.....
Parlor and sleeping	4	.....	.....	4	.....
Other passenger-train	11	.....	.....	11	.....
Total	40	2	.....	42	.....
All classes of passenger-train cars	1,247	33	127	1,153	.....
Company service cars:					
Officers' and business	17	.....	1	16	.....
Ballast	1,275	1	19	1,257	.....
Derrick	4	.....	1	3	.....
Steam shovels	1	.....	1	.....	.....
Wrecking	19	.....	.....	19	.....
Other company service	3,292	198	117	3,373	.....
All classes of company service cars	4,608	199	139	4,668	.....
All classes of cars in service	49,892	1,958	1,789	50,061	.....

OWNED EQUIPMENT LEASED

DESCRIPTION	Number Under Lease on Dec. 31, 1947	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1948
Diesel-electric locomotive†	1	.....	.....	1
Freight-refrigerator cars*	1,751	.....	138	1,613
Freight-stock cars§	190	.....	1	189
Freight-flat cars§	10	.....	.....	10
Passenger-refrigerator cars*	30	.....	1	29
Zephyr train-cars†	5	.....	.....	5
Sleeping cars*	15	15	.....	30

‡ 8 cars not articulated.
§ Leased to Fort Worth and Denver City Ry. Co.
† Leased to Burlington-Rock Island Railroad Co.
* Leased to Burlington Refrigerator Express Co.
* Leased to Pullman Co. (10 cars not articulated).

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1948	1947	Increase	Decrease
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight	$199,341,245.05	$181,409,104.14	$ 17,932,140.91	
Passenger	20,198,852.36	19,029,067.72	1,169,784.64	
Baggage	44,129.58	50,509.87		$ 6,380.29
Parlor and chair car	127,378.10	142,678.89		15,300.79
Mail	7,871,584.12	6,873,758.71	997,825.41	
Express	4,363,241.88	4,698,580.29		335,338.41
Other passenger-train	241,853.70	175,344.41	66,509.29	
Milk	262,422.12	223,637.87	38,784.25	
Switching	3,648,136.79	3,228,851.86	419,284.93	
Total	$236,098,843.70	$215,831,533.76	$ 20,267,309.94	
INCIDENTIAL:				
Dining and buffet	$ 1,875,150.66	$ 1,736,731.47	$ 138,419.19	
Hotel and restaurant	*	44,014.56		$ 44,014.56
Station and train privileges	78,768.17	91,034.81		12,266.64
Parcel room	2,440.69	2,336.82	103.87	
Storage—Freight	41,998.86	39,072.58	2,926.28	
Storage—Baggage	6,238.79	6,732.01		493.22
Demurrage	681,838.97	703,994.98		22,156.01
Telegraph and telephone	190,939.82	222,189.58		31,249.76
Stockyard	*	444,849.33		444,849.33
Power	24,078.44	114,567.06		90,488.62
Rents of buildings and other property	235,279.53	256,150.44		20,870.91
Miscellaneous	1,371,930.49	861,245.81	510,684.68	
Total	$ 4,508,664.42	$ 4,522,919.45		$ 14,255.03
Joint facility—Cr.	$ 762,401.55	$ 837,312.37	$	$ 74,910.82
Joint facility—Dr.	Dr. 6,258.91	Dr. 12,754.75	6,495.84	
Total	$ 756,142.64	$ 824,557.62		$ 68,414.98
Total railway operating revenues	$241,363,650.76	$221,179,010.83	$ 20,184,639.93	

*Included in Other Accounts in 1948

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Continued

	1948	1947	Increase	Decrease
RAILWAY OPERATING EXPENSES—				
Maintenance of way and structures	$ 32,596,190.19	$ 28,335,494.70	$ 4,260,695.49	
Maintenance of equipment	26,298,715.48	22,813,148.14	3,485,567.34	
Traffic	4,691,909.98	4,479,448.74	212,461.24	
Transportation	83,366,308.10	75,766,163.15	7,600,144.95	
Miscellaneous operations	2,892,220.88	2,951,225.43		$ 59,004.55
General	5,311,485.26	4,632,596.79	678,888.47	
Railway operating expenses—excluding depreciation, retirements and amortization	$155,156,829.89	$138,978,076.95	$ 16,178,752.94	
Depreciation, Retirements and Amortization—				
Road Property	4,664,253.53	4,148,985.42	515,268.11	
Equipment	8,066,926.17	6,869,281.29	1,197,644.88	
Total railway operating expenses	$167,888,009.59	$149,996,343.66	$ 17,891,665.93	
Operating Ratio (For Operating Ratios by general accounts see Page 17)	69.56	67.82	1.74	
Net revenue from railway operations	$ 73,475,641.17	$ 71,182,667.17	$ 2,292,974.00	
Railway tax accruals	$ 35,912,047.51	$ 34,407,950.42	$ 1,504,097.09	
Railway operating income	$ 37,563,593.66	$ 36,774,716.75	$ 788,876.91	
RENT INCOME				
Rent from equipment	$ 666,564.32	$ 531,920.95	$ 134,643.37	
Joint facility rent income	752,831.44	743,689.02	9,142.42	
Total rent income	$ 1,419,395.76	$ 1,275,609.97	$ 143,785.79	
RENTS PAYABLE				
Rent for equipment	$ 3,827,877.34	$ 3,581,402.19	$ 246,475.15	
Joint facility rents	2,417,616.90	2,688,016.86		$ 270,399.96
Total rents payable	$ 6,245,494.24	$ 6,269,419.05		$ 23,924.81
Net rents	Dr. $4,826,098.48	Dr. $4,993,809.08		$ 167,710.60
Net railway operating income	$ 32,737,495.18	$ 31,780,907.67	$ 956,587.51	

OTHER INCOME				
Income from lease of road and equipment	$ 5,597.50	$ 201,918.18	.....	$ 196,320.68
Miscellaneous rent income	509,298.88	492,952.03	$ 16,346.85	.....
Miscellaneous nonoperating physical property	33,983.63	105,705.68	.....	71,722.05
Separately operated properties—profit	4,371.48	.....	4,371.48	.....
Dividend income	272,901.80	206,387.80	66,514.00	.....
Income from funded securities	224,631.21	234,821.46	.....	10,190.25
Income from unfunded securities and accounts	196,961.06	596,026.31	.....	399,065.25
Release of premiums on funded debt	447.05	1,901.08	.....	1,454.03
Miscellaneous income	40,679.02	43,391.79		2,712.77
Total other income	$ 1,288,871.63	$ 1,883,104.33	.....	$ 594,232.70
Total income	$ 34,026,366.81	$ 33,664,012.00	$ 362,354.81	.....
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 30,093.30	$ 28,023.80	$ 2,069.50	.....
Miscellaneous tax accruals	82,072.23	84,929.63	.....	$ 2,857.40
Separately operated properties—Loss	.....	18,755.51	.....	18,755.51
Miscellaneous income charges	24,652.49	18,818.87	5,833.62	.....
Total miscellaneous deductions	$ 136,818.02	$ 150,527.81	.....	$ 13,709.79
Income available for fixed charges	$ 33,889,548.79	$ 33,513,484.19	$ 376,064.60	.....
FIXED CHARGES				
Rent for leased roads and equipment	$ 50,968.78	$ 52,888.60	.....	$ 1,919.82
Interest on funded debt	5,689,348.25	5,654,140.61	$ 35,207.64	.....
Interest on unfunded debt	9,821.86	7,627.11	2,194.75	.....
Amortization of discount on funded debt	57,709.88	56,957.31	752.57	.....
Total fixed charges	$ 5,807,848.77	$ 5,771,613.63	$ 36,235.14	.....
Net income after fixed charges	$ 28,081,700.02	$ 27,741,870.56	$ 339,829.46	.....
Dividend appropriations of income	$ 11,958,709.00	$ 10,250,322.00	$ 1,708,387.00	.....
Balance of income transferred to Earned Surplus	$ 16,122,991.02	$ 17,491,548.56	.....	$ 1,368,557.54

Burlington
Route